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IN THE

Supreme Court of the United States

October Term, 1982

WILLIAM GLADSTONE and RODNEY LANG, doing business as ARTHUR YOUNG & CO., and HARLEY-DAVIDSON MOTOR CO., INC.,

Petitioners,

v.

M. BRYCE & ASSOCIATES, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF WISCONSIN, DISTRICT I

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QUESTION PRESENTED

Does the Supremacy Clause permit a state trade secret law to apply to a published work protected by federal copyright law so as to give the work protection additional to and inconsistent with that afforded by federal copyright law?

PARTIES TO THE PROCEEDING BELOW

The plaintiff below was M. Bryce & Associates, Inc. The defendants were William Gladstone and Rodney Lang, doing business as Arthur Young & Co., Harley-Davidson Motor Co., Inc., formerly a subsidiary of AMF, Inc., Harry D. Mayo, III and John E. Chapel.

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Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF WISCONSIN, DISTRICT I

OPINIONS BELOW

The order of the Supreme Court of Wisconsin, denying review (App. A-1) is not reported. The opinion of the Court of Appeals of Wisconsin (App. D-1 to D-28) is reported at 107 Wis. 2d 241 and 319 N.W.2d 907. The opinions of the Circuit Court, Milwaukee County (App. F-1 to F-7 and G-1 to G-35) are unreported.

JURISDICTION

The Supreme Court of Wisconsin denied review on June 1, 1982. Petitioners invoke the jurisdiction of this Court pursuant to 28 U.S.C. § 1257(3) (1976).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Supremacy Clause of the Constitution, art. VI, cl. 2, provides as follows:

> This Constitution, and the Laws of the United States which shall be made in Pursuance thereof . . . shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

Section 1 of the Copyright Act of 1909, 17 U.S.C. § 1 (1976), provides as follows:

> 1. EXCLUSIVE RIGHTS AS TO COPYRIGHTED WORKS.
>
> Any person entitled thereto, upon complying with the provisions of this Title, shall have the exclusive right:
>
> (a) To print, reprint, publish, copy, and vend the copyrighted work. . . .[1]

STATEMENT OF THE CASE

1. Introductory Statement

This case presents a question never decided by this Court—whether state intellectual property law may, consistent with the Supremacy Clause, grant to the author of a published, federally copyrighted work rights additional to, and inconsistent with, his rights under federal law. The specific state law involved herein is Wisconsin's common law of trade secrets. The Court of Appeals of Wisconsin upheld application of that common law doctrine to protect state trade secret rights notwithstanding the fact that the trade secret was embodied in a published, federally

1. The revised Copyright Act of 1976, 17 U.S.C. § 101, *et seq.* (Supp. IV 1980), does not apply to this case because the events at issue herein occurred prior to January 1, 1978. 17 U.S.C. note preceding § 101 (Supp. III 1979). However, the issue presented herein is unaffected by and remains equally significant under the 1976 revisions and thus, a decision herein will apply with full force to cases arising under the revised Act. See discussion at 18-19, *infra*.

copyrighted work. The decision below is directly contrary to federal copyright law, which contemplates public availability and unrestricted use of the ideas expressed in copyrighted works, and more generally, inconsistent with recent decisions of this Court under the Supremacy Clause.

Moreover, the question presented herein is one of great practical importance. The issue of whether various types of intellectual property, especially the burgeoning area of computer-related software, may simultaneously be protected by federal copyright law and state trade secret law has been the subject of substantial controversy and uncertainty. Authors of articles in both law and business publications have differed on this question, and the uncertainty in the law requires businesses to make difficult choices as to the mode of protection selected. If the wrong decision is made, businesses risk substantial economic loss. This applies with equal force both to the growing computer industry and major businesses which have invested heavily in various proprietary methodologies. Businesses and their counselors cannot determine whether publishing their work and obtaining federal copyright protection will preclude the application of state trade secret law. This case provides an opportunity for this Court to answer that important question.

2. Factual Background

In May, 1974, petitioner Arthur Young & Company ("Arthur Young") was retained to assist Harley-Davidson Motor Co., Inc. ("Harley-Davidson") in revamping the latter company's internal accounting and operating systems. One of several subprojects which were undertaken was the design of a management information systems standards manual for Harley-Davidson. After Arthur Young began its work on the subproject, Harley-Davidson suggested that consideration be given to a system known as PRIDE which was marketed by respondent M. Bryce & Associates, Inc. ("Bryce"). After some preliminary communications with Bryce,

it was agreed that Bryce would make a sales presentation to Harley-Davidson, with Arthur Young personnel present at Harley-Davidson's request.

The sales presentation took place on July 2, 1974. At one juncture during the presentation, Bryce requested that the Arthur Young and Harley-Davidson personnel sign a nondisclosure agreement before he would continue. At the time, of course, Arthur Young and Harley-Davidson personnel did not know what PRIDE had to offer, if anything. The agreement was signed by some (but not all) of the personnel present, and Bryce completed the sales presentation, essentially by displaying and summarizing a three-volume PRIDE manual. In compliance with federal copyright law, the manual was marked with a notice of federal copyright, including dates of publication.

Thereafter, Harley-Davidson determined not to purchase PRIDE. Arthur Young was of the view that PRIDE was elementary and redundant of knowledge it already had, and therefore did not contribute anything valuable or novel to the subproject. Harley-Davidson did not wish to pay $10,000 for PRIDE because it would not significantly reduce the work required of Arthur Young and because it still would have to pay Arthur Young for its time expended to date. The subproject in question was ultimately completed by combining the work of Arthur Young and an independent group of Harley-Davidson employees, the latter having had no exposure to PRIDE.

3. The Circuit Court Proceeding

Bryce brought suit in 1975 in the Circuit Court, Milwaukee County, alleging that Arthur Young and Harley-Davidson had violated Wisconsin's common law of trade secrets because they had "duplicate[d] . . . copie[d], appropriate[d] and reproduce[d]" PRIDE without paying for it.

Arthur Young and Harley-Davidson raised the defense of federal supremacy by a motion for summary judgment, contending that state trade secret law could not constitutionally be applied to a published work in which the author had invoked and obtained

federal copyright protection. The motion was denied because the trial court believed that the question whether the PRIDE manual had been "published," thereby invoking federal copyright protection, was factual and was in dispute, thus precluding summary judgment. (App. F-1 to F-7.)

Arthur Young and Harley-Davidson also defended the case on the merits, contending that no violation of trade secret law could be made out since (a) PRIDE was not a secret, but was merely a compilation of material well-known in the industry, and (b) Arthur Young personnel did not use PRIDE, but designed a far more sophisticated management information systems standards manual from their own knowledge of the field,[2] which manual necessarily happened to coincide at least partially with the PRIDE manual, given the elementary principles included in PRIDE.

After a trial, however, the jury returned a verdict in favor of Bryce, and the court awarded damages of $10,000 and certain other relief.[3] Motions addressed to the trial court, seeking to overturn this decision, were denied. (App. G-1 to G-35.) Among the issues raised therein was the defense of federal supremacy. The trial court rejected that argument, finding that the manual had not been "published" (App. G-33), a ruling later rejected by the Court of Appeals.

2. Arthur Young personnel were qualified at trial as, and acknowledged by Bryce to be, experts in the field.

3. In post-verdict proceedings prior to entering its final decree, the Court twice rejected Bryce's proferred injunction, which sought to bar Arthur Young from use of the claimed PRIDE trade secret, because Bryce was wholly incapable of identifying its secret. Unable to correct this defect, Bryce forfeited the right to enjoin petitioners concerning the claimed secret. The Court did order that, during the pendency of the action, Arthur Young not divulge to third persons the contents of the manual it prepared for Harley-Davidson and thereafter return all copies of that manual to Harley-Davidson or destroy them.

4. The Court of Appeals Decision

Defendants appealed, raising, *inter alia*, the Supremacy Clause question. App. D-12 to D-25. The Court of Appeals of Wisconsin, Division I, affirmed. App. D-1 to D-28; *M. Bryce & Associates, Inc.* v. *Gladstone*, 107 Wis. 2d 241, 319 N.W.2d 907 (Ct. App. 1982).[4]

In addressing the Supremacy Clause issue, the Court of Appeals noted the difficulty of the question, stating that "[l]awyers and the courts have been plagued by the uncertainty of the interplay between state trade secret law and federal copyright protection," and that "[t]his problem is most evident, as is the case here, where a party has marked trade secret documents with a copyright notice and date of publication." (App. D-15.)

The Court first considered whether Bryce's distribution of PRIDE to 1200 or more people, with copyright notice affixed thereto, had resulted in a "publication" sufficient to obtain federal copyright protection.[5] Contrary to the trial court, the Court of Appeals found that a publication sufficient to invoke federal copyright protection had occurred. Nevertheless, it held that the application of state trade secret protection to a *published, federally copyrighted work* was not barred by the Supremacy Clause. It is review of that precedent-setting decision which is sought in this Court.

In resolving the Supremacy Clause question, the Court of Appeals "recognize[d] the conflict between state trade secret law and federal copyright law," (App. D-16), but did not find this conflict to bar application of state law. Rather than focusing

4. The Court of Appeals initially certified the case directly to the Supreme Court of Wisconsin, *sua sponte*, because it believed that it would "result in the development of new law in Wisconsin." However, the state Supreme Court refused the certification.

5. Under the copyright law governing this case, publication with notice of copyright is sufficient to obtain federal copyright protection. Registration and deposit with the Copyright Office are not necessary to obtain a copyright, but must be accomplished before an infringement suit is filed, and no later than the expiration of the first term of the copyright. Copyright Act of 1909, § 13, 17 U.S.C. § 13 (1976); *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 37, 39 (1939).

upon the specific conflict, the court treated the case as if it presented the broad question whether Wisconsin's trade secret law was entirely preempted by the Copyright Act. In this regard, the court relied heavily upon this Court's decision in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), which addresses the question whether state trade secret law is preempted by federal patent law from application to intellectual property for which no federal patent has been obtained.

But petitioners had never contended that Wisconsin's law of trade secrets had been entirely preempted by the Copyright Act. Nor had they contended that the manual in question could not be protected by state trade secret law merely because it was a written work and hence within the subject matter of copyright law.

Instead, petitioners' Supremacy Clause argument was that a conflict between federal and state law occurs when the state applies its law of trade secrets to a work which is published and copyrighted. Petitioners contended that to apply state secrecy law to such a work is inconsistent with the Supremacy Clause, as state law is then providing the author with rights which are additional to and inconsistent with his rights under federal law. The opinion of the Court of Appeals, without any focused discussion of this question, nevertheless stands for the proposition that such dual, overlapping and inconsistent protection is valid.

5. The Supreme Court of Wisconsin

Arthur Young and Harley-Davidson petitioned the Supreme Court of Wisconsin to review the judgment of the Court of Appeals, raising, *inter alia*, the Supremacy Clause question. App. C-1 to C-12. Bryce did not cross-petition for review of the Court of Appeals' holding that PRIDE had been published. Review was denied by Order of June 1, 1982. App. A-1, B-1.

REASONS FOR GRANTING THE WRIT

I.

THIS CASE PRESENTS AN IMPORTANT QUESTION OF FEDERAL CONSTITUTIONAL LAW WHICH HAS NOT BEEN, BUT SHOULD BE, RESOLVED BY THIS COURT

The question presented herein -- whether state trade secret law may supply additional rights, inconsistent with those under federal law, to the author of a published work for which federal copyright protection has been invoked -- has never been addressed by this Court. Although, in petitioners' view, the theory and logic of several decisions of this Court require a ruling in petitioners' favor, the lack of an explicit holding on this issue has caused confusion in the lower courts.[6]

Moreover, the question is one of immense practical significance. Many forms of intellectual property, especially recent advances in computer technology -- the fastest growing industry, arguably lend themselves to either copyright or trade secret protection. Creators of such intellectual property have had to choose whether to invoke one doctrine, the other, or both. This issue has generated a great deal of writing in both legal and

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6. Other recent cases addressing the question presented herein (or the related question of preemption) include *Warrington Assoc. v. Real-Time Eng. Systems, Inc.*, 522 F. Supp. 367 (N.D. Ill. 1981) (upholding application of trade secret law); *Technicon Medical Information Systems Corp. v. Green Bay Packaging, Inc.*, 211 U.S.P.Q. (BNA) 343 (E.D. Wis. 1980) (denying summary judgment to defendants on the grounds that (a) mere annexation of copyright notice does not preclude trade secret protection, and (b) factual issue of "publication" was in dispute, permitting denial of summary judgment without deciding whether publication with copyright notice would preclude trade secret claim), COPYRIGHT L. REP. (CCH) ¶ 25,261 (E.D. Wis. 1981) (certifying question for immediate appeal pursuant to 28 U.S.C. § 1292), *appeal pending*, No. 81-1469, (7th Cir.); *Management Science America, Inc. v. Cyborg Systems, Inc.*, 6 COMPUTER L. SERV. REP. (Callaghan) 921 (N.D. Ill. 1978) (summary judgment denied on supremacy issue because fact of "publication" was in dispute). *See also Avco Corp. v. Precision Air Parts, Inc.*, 210 U.S.P.Q. (BNA) 894 (M.D. Ala. 1980) (trade secret and other state claims preempted), *aff'd on other grounds*, 676 F.2d 494 (11th Cir. 1982); *Mitchell v. Penton/Industrial Publishing Co.*, 486 F. Supp. 22, 24-26 (N.D. Ohio 1979) (common law misappropriation claim as to copyrighted work preempted).

business publications, with the authors taking divergent views on the extent of protection available under copyright and trade secret law, and upon the question presented here -- whether both protections may be obtained simultaneously in a single work. *See* Comment, *Protecting Trade Secrets Through Copyright*, 1981 DUKE L. J. 981, 990, 997 ("It is not clear that one system can be used to supplement the other. There are serious problems with the use of copyright law to protect trade secrets . . . . Using copyright law to protect trade secrets is inadvisable."); Root, *Protecting Computer Software in the 80's: Practical Guidelines For Evolving Needs*, 8 RUTGERS J. COMPUTER & TECH. LAW 205, 225-27 (1981); Nimtz, *Development of the Law of Computer Software Protection*, 61 JOURNAL OF THE PATENT OFFICE SOCIETY 3, 20-21 (1979); Keplinger, *Computer Software—Its Nature and Its Protection*, 30 EMORY L.J. 483, 492, 505 (1981); Schmidt, *Legal Proprietary Interests in Computer Programs: The American Experience*, 21 JURIMETRICS J. 345, 395 (1981); Gemignani, *Legal Protection for Computer Software: The View from '79*, 7 J. OF COMPUTERS, TECH. AND LAW 269, 304, 307 (1980); Raysman, *Protection of Proprietary Software in the Computer Industry: Trade Secrets as an Effective Method*, 18 JURIMETRICS J. 335, 350-51 (1978); Gilburne, *Trade Secret Issue at Heart of Remarketing*, COMPUTER BUS. NEWS, May 24, 1982, at 9; Luccarelli, *The Supremacy of Federal Copyright Law Over State Trade Secret Law for Copyrightable Computer Programs Marked with a Copyright Notice*, III COMPUTER L.J. 19, 51 (1981).[7]

7. *See also* Bigelow, *Is There Legal Protection ForSoftware?*, INFOSYSTEMS, March 1980, at 104; Brickman, *Copyright Act Endangers Trade Secret Status*, INFORMATION SYSTEMS NEWS, December 14, 1981, at 30; Brickman, *Trade Secrets vs. Copyright Protection*, INFORMATION SYSTEMS NEWS, May 18, 1981, at 27; *Call Trade Secret Laws Best Way to Protect Investments*, ELECTRONIC NEWS, January 14, 1980, at 54; Goetz, *At Stake: Competition, Growth,Survival*, COMPUTERWORLD, September 10, 1979, at 15, 20-23; Greguras, *A New Look at Patentability*, MINI-MICRO SYSTEMS, June 1981, at 1, 10; Kuhn and Ball, *Protecting Software With Copyrights, Patents and Trade Secrets*, JOURNAL OF SYSTEMS MANAGEMENT, December 1978, at 28, 30; Lawlor, *Preserving Protection Under Copyright Law*, COMPUTERWORLD, September 10, 1979, at 15, 30;

(continued next page)

The uncertainty in this area is so great that the ABA's Section of Patent, Trademark and Copyright Law went on record last year as favoring a "clarifying amendment" to the revised Copyright Act upon the question of the interplay between federal copyright law and state trade secret law. The Section, in explaining its position, stated as follows:

> Lawyers continue to be plagued by the uncertainty of the interplay between state trade secret law and federal copyright protection. . . . Tactics of simultaneous use of both systems may be risky and result in the loss of any trade secret rights whatsoever in view of a spate of recent decisions.
>
> * * *
>
> State enforcement of a trade secret claim with respect to materials bearing a copyright notice would be unconstitutional under the Supremacy Clause, it can be argued, because this attempt at simultaneous dual protection abrogates the choice *Kewanee* asserted that must be made . . . . It may further be unconstitutional because it seeks to create a "super-copyright" . . . .

ABA COMMITTEE REPORTS, SECTION OF PATENT, TRADEMARK AND COPYRIGHT LAW 91-92 (presented at annual meeting, Aug. 7-12, 1981) ("ABA REPORT").[8]

Petitioner Arthur Young is vitally interested in the resolution of this issue. Aside from its obvious stake in the outcome of this proceeding, it finds itself on both ends of the business issue identified above. In its consulting function, Arthur Young is both the

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(footnote 7 continued)

Myers, *Patents for Software*, DATAMATION, May 1981, at 54, 58; Paul, *TSI Head Cites Ways to Protect Software*, COMPUTERWORLD, March 29, 1982, at 18; POOLEY, *Trade Secrets, Part I*, COMPUTERWORLD, March 15, 1982, at 161; Schatz, *For Better or Worse*, DATAMATION, February 1981, at 49-50; Westermeier and Selinger, *Copyrighting Software: Understanding the New Law*, DATA MANAGEMENT, October 1981, at 10, 14-15.

8. It is significant that an agency of the federal government, NASA, has, by regulation directing its personnel to ignore any trade secret claims concerning materials bearing a copyright notice, recognized and attempted to deal with the impermissible conflict in simultaneously claiming trade secret and copyright protection. 41 C.F.R. ch. 18, § 9.203-4(g)(vi) (1981).

author of intellectual property, seeking to obtain effective protection for its work, and a prospective user of such material, seeking to employ that which is in the public domain but not to run afoul of the legitimate claims of others. It and others in the business community are desirous of an unambiguous resolution of this issue, so that authors and potential users may understand their respective rights and responsibilities. The importance of a resolution of this conflict is underscored by the substantial capital invested in proprietary products affected by this issue.

The Supremacy Clause issue presented herein is an important and novel one, and one which was decided below in a manner inconsistent with a basic premise of copyright law and the recent decisions of this Court. The error below stems, in large part, from a failure by the Wisconsin courts to distinguish between two bodies of law under the Supremacy Clause:

- the "preemption" cases, and
- the cases involving direct conflicts between federal and state law.

The Supremacy Clause requires the invalidation of state law in two distinct circumstances. First, state law may be invalidated without regard to a direct conflict where it is said to be "preempted" -- where Congress has expressed or implied an intent not to permit state regulation of the field in question, or where the subject matter itself requires that only federal law governs. *Jones v. Rath Packing Co.*, 430 U.S. 519, 525 (1977); *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218, 230 (1947).

Of course, no such preemption claim is made here, and Wisconsin is concededly free to apply its common law of trade secrets to unpublished works in which no federal copyright has been sought or obtained.

Second, even in areas where state law is not preempted, a state law which conflicts with federal law must fall. *Edgar v. Mite Corp.*, 102 S. Ct. 2629, __ U.S. __ (1982); *Fidelity Federal Savings and Loan Ass'n v. de la Cuesta*, 102 S. Ct. 3014, __ U.S. __ (1982); *Hines v. Davidowitz*, 312 U.S. 52 (1941); *Ray v.*

Atlantic Richfield Co., 435 U.S. 151 (1978); *Perez v. Campbell*, 402 U.S. 637 (1971). Such direct conflict is present where the state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Hines v. Davidowitz*, 312 U.S. at 67. Under this principle, "federal policy 'may not be set at naught, or its benefits denied' by the state law." *Kewanee*, 416 U.S. at 479-80, *quoting from Sola Elec. Co. v. Jefferson Elec. Co.*, 317 U.S. 173, 176 (1942).

The error of the court below in treating this case as a preemption case when it in fact presents a direct conflict between state and federal law was no doubt engendered by the fact that this Court's recent Supremacy Clause decisions in the field of intellectual property (a) are preemption cases, or (b) address the question whether a conflict occurs when a state protects works which are unprotected but protectible by federal law. Here, however, the issue is one of direct conflict between the law applicable to a work for which federal protection has been secured and additional and inconsistent state protection of the same work. The Court should grant *certiorari* not only to resolve this important question, but also to guide the lower courts as to the proper analysis of such direct federal-state conflicts in the intellectual property field.

Such an analysis demonstrates that the Wisconsin courts cannot accord trade secret protection to the work at issue here. The application of state trade secret law to a published, federally copyrighted work is in conflict with federal law because it gives the copyright holder additional state protection which is inconsistent with his protection under federal law. Pursuant to the Copyright Clause of the Constitution, art. I, § 8, cl. 8, Congress enacted the Copyright Act of 1909, which granted creators the exclusive nationwide rights, *inter alia*, to publish, copy and sell their works. 17 U.S.C. § 1 (1976).

In return for a monopoly on this "bundle" of rights, Congress requires the creator to give up something in exchange.

> Unlike a patent, the information disclosed [under a copyright] is lodged in the public domain, where its use is unrestricted.

Crume v. Pacific Mutual Life Insurance Co., 140 F.2d 182, 183 (7th Cir.), *cert. denied*, 322 U.S. 755 (1944).

The author's exclusive rights under the federal copyright statute are intended to compensate for the resulting loss of common law protection of ideas, and are for the purpose of inducing disclosure of ideas to the public.

> [T]he public is not free to use the invention described in a patent, but it is privileged to use whatever information is imparted in a copyrighted book about any system, art or manufacture described in it; furthermore . . . such a use is the consideration the public receives for the grant of the copyright.

Aldrich v. Remington Rand, Inc., 52 F. Supp. 732, 734 (N.D. Tex. 1942).

Accord Data Cash Systems, Inc. v. JS&A Group, Inc., 628 F.2d 1038, 1043 (7th Cir. 1980) (citing A. Latman, THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISITED 112 (5th ed. 1979)); *see National Comics Publications Inc. v. Fawcett Publications, Inc.*, 191 F.2d 594, 598 (2d Cir. 1951) ("[P]ublication of a copyrightable 'work' puts that 'work' into the public domain except so far as it may be protected by copyright. That has been unquestioned law since 1774.").

Thus, the Copyright Act protects only the expression, and not the ideas, in a copyrighted work. So long as one does not infringe upon the exclusive rights attaching to the protected expression, anyone is free to use the ideas contained in a published, copyrighted work. *Baker v. Selden*, 101 U.S. 99, 104 (1880); *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 310 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967); *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 974 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980); *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1371 (5th Cir. 1981); ABA REPORT, *supra*, at 92. As the Second Circuit stated,

> The case law is abundantly clear that there is no cause of action for the use of an idea claimed to have been communicated in confidence when that idea has been made public by the issuance of a copyright or patent prior to its use.

Lemelson v. Kellogg Co., 440 F.2d 986, 987 (2d. Cir. 1971).

Here, however, the courts of Wisconsin have acted in contravention of these federal policies. When Bryce published PRIDE with copyright notice affixed thereto, it invoked federal copyright protection, and obtained a federally-created monopoly upon its form of expression for a limited time.[9] At the same time, however, the ideas contained in PRIDE went into the public domain in exchange for the federal protection. In such circumstances, permitting Wisconsin's common law of trade secrets to be used to punish petitioners for employing those ideas is plainly inconsistent with federal law. The Wisconsin courts have destroyed the careful balance engineered by Congress by adding to the "bundle" of rights provided Bryce by federal law. *Edgar v. Mite Corp.*, 102 S. Ct. at 2637. To put it another way, the Wisconsin courts have run afoul of the principle that "that which is in the public domain cannot be removed therefrom by action of the States." *Kewanee*, 416 U.S. at 481; *accord Goldstein v. California*, 412 U.S. 546, 559 (1973).

In *Hoehling v. Universal City Studios, Inc.*, 618 F.2d at 980, the Second Circuit rejected a claim of unfair competition based upon misappropriation of the ideas in a copyrighted work. The Court concluded that Congress had intended the ideas contained in copyrighted works [in that case historical theories] to be "contributions to recorded knowledge," *id.*, and that

> "To forbid copying" in this case, "would interfere with the federal policy . . . of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."

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9. Throughout the litigation, Bryce has consistently claimed it had a copyright in PRIDE. On the day of the sales presentation it represented to petitioners' personnel that it protected PRIDE by copyright, and during hearings before the trial court its counsel continued to claim such protection.

Id., quoting from Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 237 (1964).

The conflict between federal and state protection of PRIDE is also apparent from the duration of protection. Federal copyright law protects PRIDE for 28 years, plus a possible renewal term. But Wisconsin's law of trade secrets purports to protect the same work for an unlimited time.

The Wisconsin courts have also violated the elementary principle, recently reiterated by the Second Circuit, "that a single work cannot be protected from copying under both federal and state law at the same time." *Roy Export Co. v. CBS, Inc.*, 672 F.2d 1095, 1101 n.13 (2d Cir. 1982) (*dictum*), *petition for cert. filed*, 50 U.S.L.W. 3936 (U.S. May 14, 1982) (No. 81-2111).

This Court's recent decision in *Edgar v. Mite Corp.*, 102 S. Ct. at 2637, confirms that this type of conflict is prohibited by the Supremacy Clause. In *Edgar*, the Court held that the Illinois Takeover Act was invalid under the Supremacy Clause because it conflicted with the Williams Act. The Court pointed out that, although the Williams Act had an express non-preemption clause, the federal statute was "intended to strike a balance between the investor, management, and the takeover bidder." *Id.* Although it was possible to comply with both the Williams Act and the Illinois statute, the latter mandated various procedures which were intended to protect incumbent management and/or stockholders. The Court struck down those provisions, finding that, by adding to the protection of management and stockholders, they would "upset the careful balance struck by Congress," and that the state statutory provisions therefore stood "as obstacles to the accomplishment and execution of the full purposes and objectives of Congress." *Id.*

Precisely the same can be said here. The careful balance struck by Congress as to the respective rights of authors and the public vis-a-vis published, copyrighted works is destroyed by the Wisconsin courts' effort to give the author an additional,

extremely valuable and perpetual protection as to matters in the public domain. The Supremacy Clause and the Copyright Act prohibit such a result.[10]

Although the Supremacy Clause decisions of this Court in the area of intellectual property do not explicitly address the question of dual protection, the logic of each such decision and the basic theory of federal copyright law requires reversal.

In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court held that items which were lacking in sufficient novelty to be patented could not be protected through application of a state's law of unfair competition. The Court noted that, if such state protection were available,

> States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment on the federal patent system to be tolerated. . . . [B]ecause of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying.

376 U.S. at 232-33.

By comparison, in *Goldstein v. California*, 412 U.S. 546, this Court allowed the State of California to provide protection to certain sound recordings which were then outside the subject matter of federal copyright law. The Court held that, as to such sound recordings, Congress "has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act." *Id.* at 570.

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10. The "value of . . . protection of trade secrets" to the State of Wisconsin, relied upon by the Court of Appeals (App. D-25), does not provide legitimate support for its decision. As this Court recently stated in *Fidelity Fed. Sav. and Loan Ass'n v. de la Cuesta*:

> "The relative importance to the State of its own law is not material when there is a conflict with a valid federal law, for the Framers of our Constitution provided that the federal law must prevail."

102 S. Ct. at 3022 (quoting *Free v. Bland*, 369 U.S. 663, 666 (1962)).

Most recently, in *Kewanee*, 416 U.S. 470, this Court held that Ohio's law of trade secrets could constitutionally be applied to an unpatented invention. After finding that state trade secret law was not preempted with regard to unpatentable inventions, the Court turned to the more difficult question of its availability for patentable (or arguably patentable) inventions which, by choice of their inventors, had not been patented. The Court held that such protection was permissible, and that the inventor could elect between state and federal forms of protection. But the Court clearly did not contemplate that an inventor could obtain *both* forms of protection simultaneously.

> The question remains whether those items which are proper subjects for consideration for a patent may also have available *the alternative protection* accorded by trade secret law.

Id. at 483 (emphasis supplied).

> If a State, through a system of protection, were to cause a substantial risk that holders of patentable inventions *would not seek patents, but rather would rely on the state protection*, we would be compelled to hold that such a system could not constitutionally continue to exist.

Id. at 489 (emphasis supplied).

> Nor does society face much risk that scientific or technological progress will be impeded by the rare inventor with a patentable invention *who chooses trade secret protection over patent protection.*

Id. at 490 (emphasis supplied).
See also id. at 494 (Marshall, J., concurring) (discussing the "alternative possibility of legal protection" through trade secret law).

Thus, the court in *Kewanee* held only that an inventor could intentionally avoid the "bargain" imposed under the patent laws, *id.* at 489, and select the different protection available under state trade secret law. *Kewanee*, although relied upon by the court

below, does not support the result reached here. The *Kewanee* decision would have permitted plaintiff herein to rely upon state trade secret law only if it had not also invoked the protection of federal copyright law. Moreover, *Kewanee* supports the petitioners' position in that it proceeds from the assumption that an inventor cannot obtain both federal patent and state trade secret protection for the same invention.[11]

In sum, this Court's preemption decisions in the intellectual property field do not directly address the question presented herein, but their logical underpinnings preclude the employment of state trade secret law to protect a published, federally copyrighted work in a manner inconsistent with the federal protection attaching thereto.

II.

THE NEED FOR REVIEW OF THIS CASE IS NOT DIMINISHED BY THE 1976 REVISION OF THE COPYRIGHT ACT

Although the Copyright Act was revised in 1976, and although this case arises under the previous version of that Act, the present Act does not affect the resolution or vitiate the importance of the question presented herein.

Analysis of the question presented—whether state and federal law may simultaneously protect the same work in a conflicting fashion—is identical under either the 1909 or the 1976 Act. In each case Congress has provided the copyright holder a "bundle" of rights, and inconsistent and additional state protection of a published, federally copyrighted work is inappropriate. None of the modifications of the Act affect this straightforward conclusion.

Furthermore, a case of this nature arising under the revised Act would not be affected by section 301 thereof, 17 U.S.C. § 301 (Supp. IV 1980). Section 301 is addressed to the question of

11. Throughout this litigation Bryce has maintained—contrary to the central assumption in *Kewanee*—that it has available both copyright and trade secret protection, and that it alone may choose which it will assert in any given situation.

federal preemption of state law—that is, which bodies of state law are entirely preempted by the Copyright Act. (It preempts the states from granting rights which are "equivalent to" federal copyright with regard to works "within the subject matter of copyright" and certainly does not preempt the states from protecting trade secrets in general.)

Section 301 does not address the situation where state law conflicts with the Supremacy Clause not by virtue of its mere existence, but by the particular manner in which it is invoked. The entirely different Supremacy Clause question presented here—the propriety of applying state law to a published, copyrighted work so as to afford the author rights additional to and inconsistent with federal law—is not resolved or affected by section 301.

Thus, the interplay between copyright and trade secret law, so far as relevant here, remains the same under the revised Act. In our view, under the new law as under the old, copyright and trade secret are alternative protections available to intellectual property, but cannot be invoked simultaneously for the same work. Congress clearly did not, by addressing the preemption question through section 301, authorize the states to regulate copyrighted works in a manner inconsistent with the Copyright Act.[12] Thus, a decision in this case will resolve this important question with regard to both pre- and post-revision cases.

* * *

The question presented herein is an important one, has never been addressed by this Court, and was decided below in a manner inconsistent with decisions of this Court and the essence of the statutory scheme adopted in the Copyright Act. It presents a question which should be decided by this Court.

12. The preemption provisions of section 301 would no more save a state statute that conflicted with federal law than did the unambiguous non-preemption provision of the Williams Act. *Edgar v. Mite Corp.*, 102 S. Ct. at 2635.

CONCLUSION

For the reasons stated above, this Court should issue a writ of *certiorari* to the Court of Appeals of Wisconsin, Division I.

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Respectfully submitted,

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